



DEPARTMENT OF WATER AFFAIRS AND FORESTRY

**PEDDIE RURAL VILLAGES
CISIRA, NCALA, MGWANGQA AND
NQWENERHANA CASE STUDY**

**WATER SERVICES PROVISION
UTILISING A COMMUNITY-BASED
STRUCTURE**

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NETWORK

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PREFACE

Network Community Development Services (NETWORK CDS) was contracted by the Department of Water Affairs and Forestry (DWAF) to examine community-based water services provider institutional arrangements within a number of case studies. The purpose of the study is to:

- Document and analyse the institutional arrangements for water services provision between water services authorities and selected community-based water services providers (CBO WSPs)
- Assess the performance of the different CBO WSP models
- Identify the strengths and weaknesses of the different case study examples
- Identify success factors
- Make recommendations concerning CBO WSP models
- Prepare guidelines for water services authorities concerning CBO WSP models

This case was researched and written up by Jean de la Harpe. The research component was facilitated by Amanz'abantu Services (Pty) Ltd in the Eastern Cape who introduced Network CDS and a representative from the Department of Water Affairs and Forestry to the the Amatola District Municipality (DM), Peddie Transitional Local Municipality, and Masiphathisane Water Works (MWW) a community-based organisation based in four villages in the Peddie District.

ACKNOWLEDGEMENTS

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Assistance from George Tsibane of the Department of Water Affairs and Forestry is also gratefully acknowledged.

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1 Key institutional lessons from this case study

- ◆ Community-based organisations are able to enter into effective partnerships with municipalities in the delivery of affordable, reliable and sustainable water services.
- ◆ Community-based organisations are best placed to fulfil the customer relations, communications and daily monitoring WSP functions within rural communities.
- ◆ Effective support services are an important component to WSP institutional arrangements, which involve a community-based structure.
- ◆ Formal written contracts are a key component to legitimising community-based organisations within a WSP institutional arrangement as well as establishing clarity concerning roles and responsibilities.
- ◆ Institutional arrangements where the municipality is responsible for the overall financial management of the scheme, whilst a community-based organisation fulfils other WSP functions, can work effectively given the right incentives and mechanisms for revenue collection.
- ◆ Incorrect assumptions concerning water consumption can result in tariffs that do not ensure full cost recovery.
- ◆ Good communication mechanisms must be in place where different institutions are responsible for different WSP functions.
- ◆ In cases where community-based organisations do not take responsibility for revenue collection, it is important that the right incentives are in place to ensure the sustainability of the community-based organisation. Inadequate remuneration of community members who are fulfilling WSP tasks can lead to demoralisation and poor performance. (In this case study the committee members were enthusiastic about their role and responsibilities but were demoralised concerning the remuneration they received.)
- ◆ Careful selection of members to be elected to the community-based organisation's committee is critical to the overall performance of the CBO.
- ◆ Effective training and mentoring of community based organisations ensures skilled members who take responsibility for their functions and tasks.

2 Introduction

This case study focuses on institutional arrangements for water services provision to the Peddie community in the Eastern Cape. The case study is one in a set of case studies towards identifying different community-based water services provider

institutional configurations and those factors that contribute towards the success or failure of CBO models in terms of ensuring sustainable, reliable, affordable, cost efficient and effective water services. This case study is an example of a community-based organisation that is contracted to fulfil the operations and customer relations functions of a WSP.

3 Peddie Regional Water Supply Scheme

The Peddie Regional Water Supply Scheme is located in the Peddie District of the Eastern Cape. Its primary objective is to provide sufficient infrastructure to supply the Peddie Town, peri-urban and rural villages in the Peddie District with a safe and secure water supply. This case study focuses on the WSP institutional arrangements for the four rural villages that are part of the Peddie Regional Water Supply Scheme, namely: Cisira, Ncala, Mgwangqa and Nqwenerhana.

4 Cisira, Ncala, Mgwangqa and Nqwenerhana rural villages

Water is supplied through a bulk scheme to the Cisira, Ncala, Mgwangqa and Nqwenerhana rural villages by Amatola Water Board who is the Bulk Water Services Provider. The villages are supplied with bulk water from the Mount Somerset reservoir.

The villages are reticulated with communal Bambamanzi pre-payment standpipes within 200 metres of each household.

Each village has the following number of standpipes:

Cisira:village: 12 standpipes
Ncala village : 11 standpipes
Mgwangqa village: 7 standpipes
Nqwenerhana village: 7 standpipes

The villages fall under the Amatola District Municipality (DM) water services authority (WSA)

Amanz'abantu Services (Pty) Ltd was the programme implementing agent (PIA) for the Peddie Regional Water Supply Scheme when water services were extended to the four villages. Mvula Trust, one of the Lead Service Providers within Amanz'abantu was the agency that played a lead role in facilitating the establishment of the community-based organisation within the four villages. The programme was implemented through the DWAF BoTT Contract under the auspices of the DWAF Community Water Supply and Sanitation Capital Programme (CWSSCP).

At the time of the case study (July 2000), Amatola Water supplied bulk water at R2.60 per kiloliter inclusive of VAT. The reticulated tariff to the community was R4.00 per kiloliter inclusive of VAT.

The Department of Water Affairs and Forestry identified the community-based organisation, Masiphathisane Water Works, operating within the Peddie Regional Scheme, as a CBO WSP model from which lessons could be learnt.

5 Methodology

The methodology used in the research comprised interviews with representatives from the Amatola District Municipality in their capacity as WSA, Amanz'abantu Services (Pty) Ltd, including Mvula Trust, in their capacity as programme implementing agent, the Peddie TLC, and the Masiphathisane Water Works (MWW) community-based organisation based within the four villages. The questions focussed on:

- the roles and functions of the Amatola DM as WSA and WSP
- the role, functions and structure of the Masiphathisane Water Works (MWW) community-based organisation, how it was established, and how it fulfils its WSP responsibilities
- the nature of the contract between Amatola DM and Masiphathisane Water Works
- cost recovery
- sustainability issues (operations, maintenance, communication, health awareness, access to support, etc.)

The focus of this case study is on the WSP institutional arrangements towards ensuring sustainable water services to the communities within the four villages. This study does not provide technical details of the infrastructure or details of the processes to implement the scheme as a project. Whilst cost recovery was an issue included in the study, financial issues were not examined in any detail since Masiphathisane Water Works is not responsible for revenue collection or financial management.

The interviews were conducted in an informal manner based on the questions outlined in Annexure 1.

In addition the research involved review of various documents concerning the Peddie Regional Water Supply Scheme, including a detailed analysis of the contractual documentation as well as documentation related to the institutional and social development (ISD) interventions in the programme implementation.

5.1 Limitations

Time and budget constraints of the project did not allow interviews of community members - thus the study was dependent upon the interviews with Masiphathisane Water Works and representatives of Amatola DM to determine customer satisfaction.

6 Overall Assessment

The representative from DWAF national office and the researcher from Network CDS concluded that Masiphathisane Water Works is fulfilling a key role in fulfilling the customer relations, communication and monitoring WSP functions for the Cisira, Ncala, Mgwangqa and Nqwenerhana villages.

The overall institutional arrangements for water services provision have proved to be successful in achieving cost efficient, reliable, affordable and sustainable water services. In particular the CBO component of these institutional arrangements is beneficial to the communities concerned whereby they have easy access to the WSP and receive a very responsive and efficient service.

Critical to the success of Masiphathisane Water Works has been the training and support that they received during the implementation of the programme. In addition Masiphathisane Water Works has credibility and legitimacy within the community thus facilitating its ability to effectively fulfil its functions. The establishment of a formal contract between Masiphathisane Water Works and Amatola DM as well as formal reporting and accountability mechanisms are key factors in the successful operation of Masiphathisane Water Works.

The overall institutional model has ensured a culture of community ownership and responsibility for water services in the Cisira, Ncala, Mgwangqa and Nqwenerhana villages.

7 Decisions concerning WSP arrangements

The WSP structure for the four rural villages within the Peddie Regional Scheme was workshopped with the various roleplayers (Amatola DM, Peddie TLC and community) and it was agreed that the WSP function would be divided between a local WSP and the Amatola DM. The workshops took place as part of programme implementation of the scheme.

It was agreed that the local WSP would consist of two representatives from each of the four villages. During the operations and maintenance (O&M) phase, the capacity of the local WSP would be built with the programme implementing agent fulfilling the role of 'interim water services provider'. The decision to install prepayment standpipes was a community decision. Local vendors were identified for the 'point of sale' for tokens in each of the four villages.

Following transfer, the Amatola DM would take on the role of WSP, with the local WSP fulfilling certain water services provider functions at the village level. Amatola DM indicated that the DM has a policy of maintaining financial control of municipal services where any finances collected must be reflected in the Municipality financial records. For this reason the DM is of the view that DWAF models where the finances remain in the community are not legally possible for the Amatola DM. The Amatola DM therefore required that the Amatola DM retain the overall WSP responsibility, whereby revenue collected for water services is deposited or transferred into the

Amatola DM account, as opposed to an institutional arrangement where a CBO WSP takes responsibility for revenue collection and financial management.

8 Institutional arrangements

Since different institutional arrangements apply to the programme implementation period and to the post transfer period for the four villages, these arrangements are dealt with separately. At the time of this case study, the Peddie Regional Water Supply Scheme was in the operations and maintenance (O&M) phase of the programme implementation period.

The diagram below illustrates the institutional arrangements between DWAF, the IA, the Bulk WSP and the CBO and vendors during programme implementation.

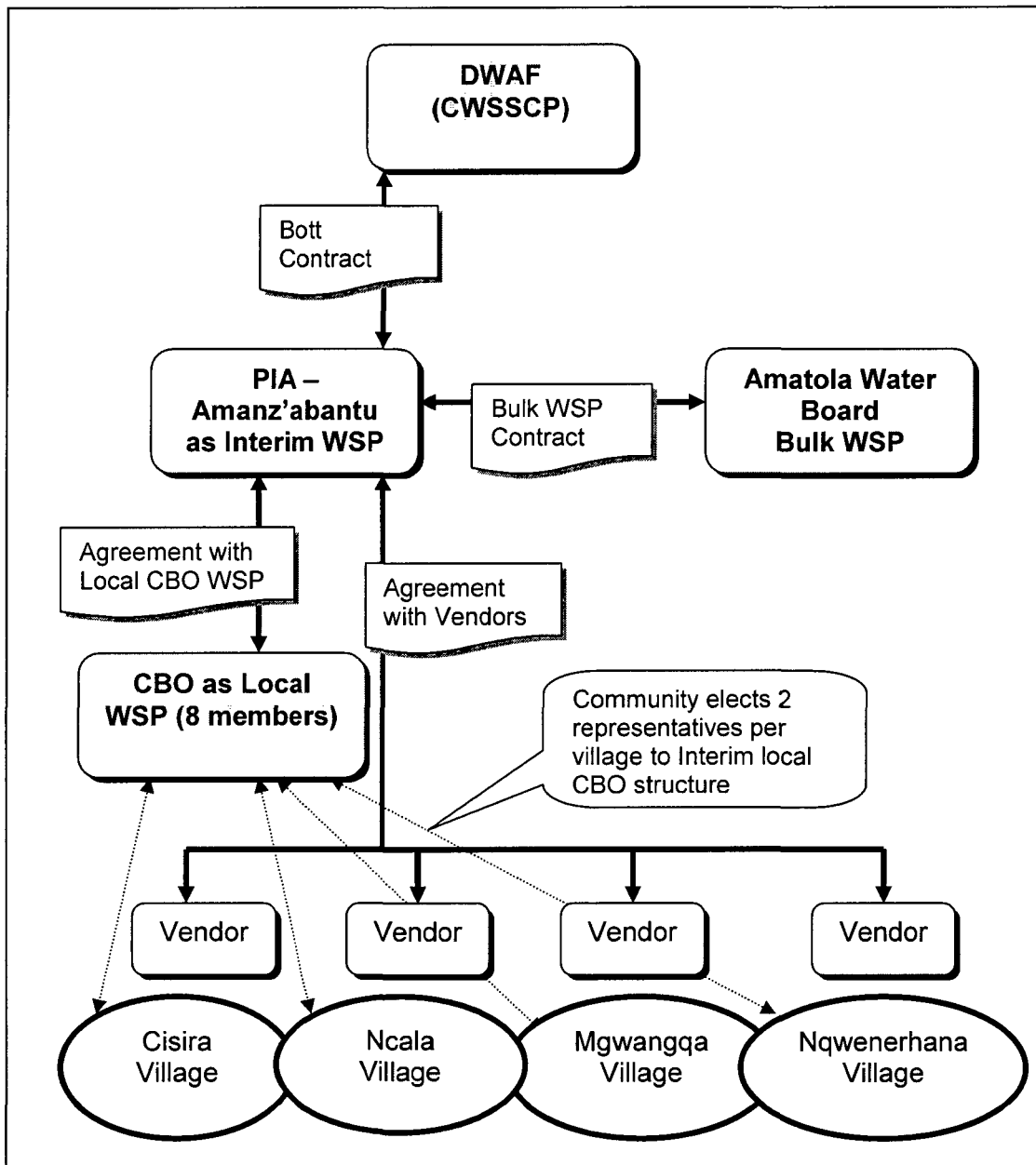


Figure 1: Institutional arrangements during programme implementation

The diagram below illustrates the financial flows during the programme implementation period.

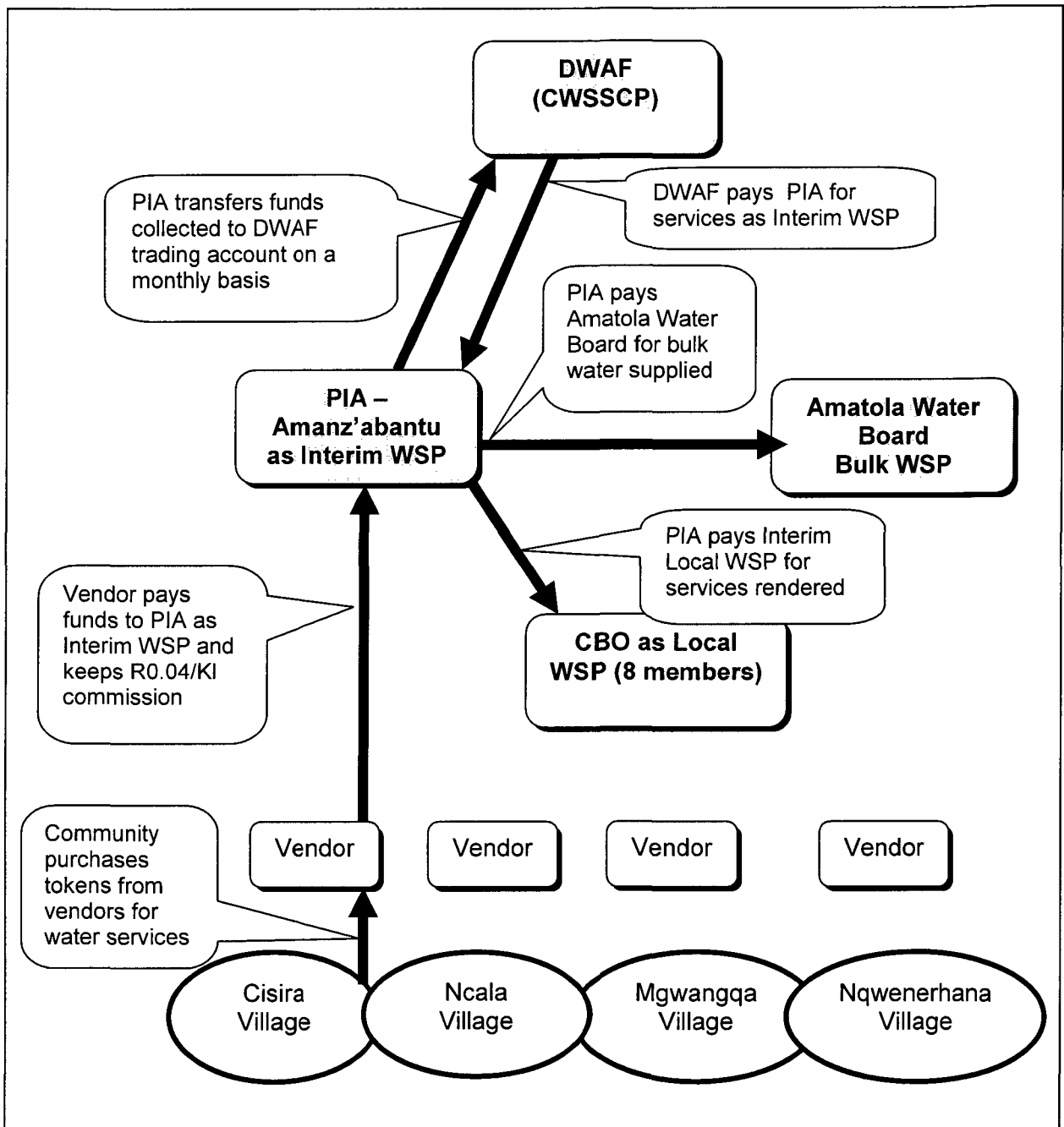


Figure 2: Financial flows during programme implementation

The institutional arrangements for provision of water services to the Cisira, Ncala, Mgwangqa and Nqwenerhana villages, **following transfer** can be described as follows:

Amatola DM (Category C municipality) is the WSA as well as the WSP. Masiphathisane Water Works fulfils certain water services provider functions at the local level. The Amatola Water Board is the Bulk Water Services Provider. Vendors in each of the four villages play a role in revenue collection through the selling of tokens for the prepaid system.

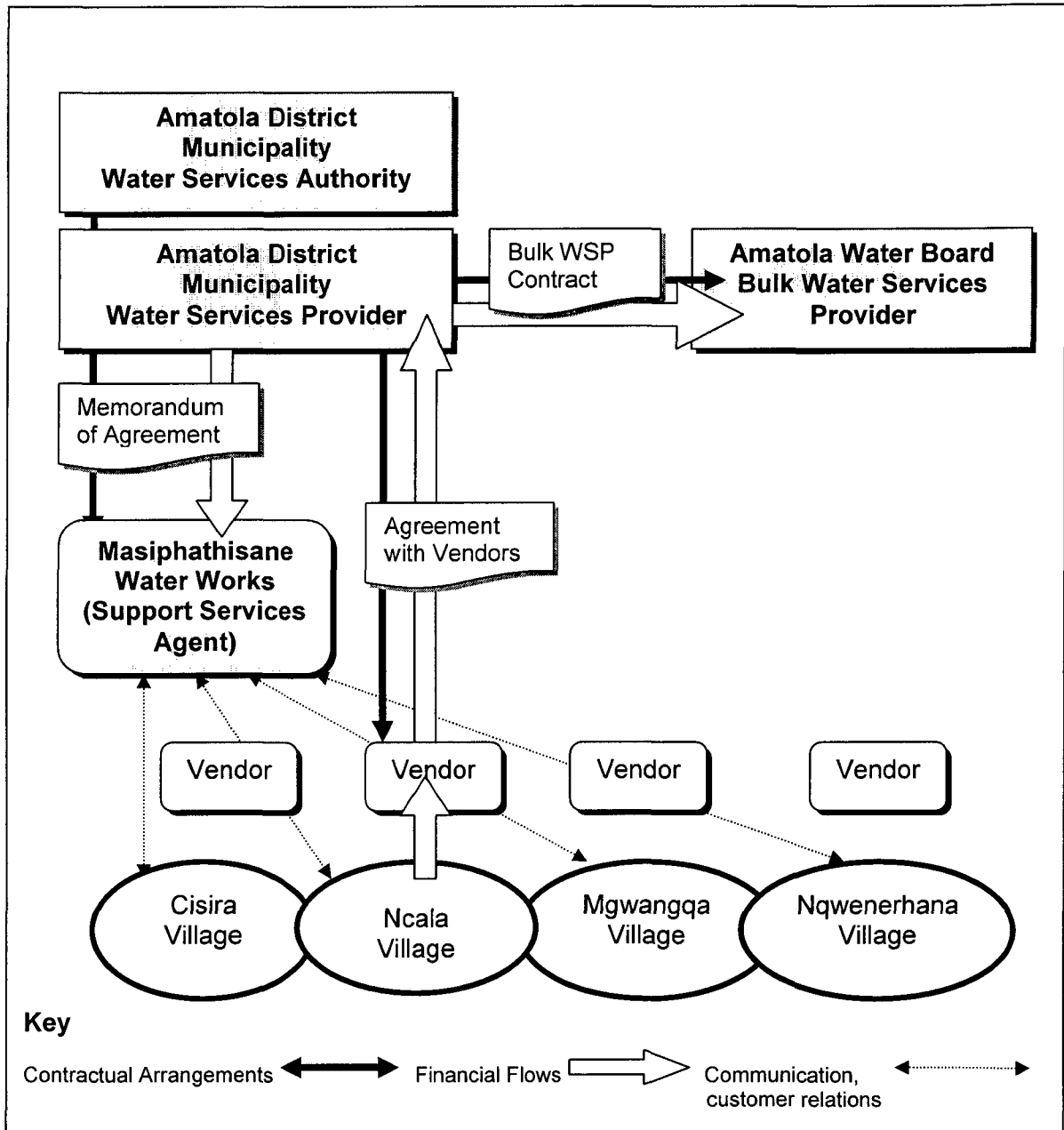


Figure 3: Institutional arrangements and financial flows for the Cisira, Ncala, Mgwangqa and Nqwenerhana villages within the Peddie Regional Scheme

9 Features of the contractual arrangements

The proposed contractual arrangements post transfer of the scheme from Amanz'abantu Services (Pty) Ltd., to the Amatola DM are detailed below.

9.1 Contract between Amatola DM and Amatola Water Board

A Bulk Water Supply Contract will be established between Amatola DM as the WSA, and Amatola Water Board as the WSP. The contract is likely to be based on the existing Bulk Water Supply Interim Agreement between Amanz'abantu Services (Pty) Ltd., as interim water services provider and the Amatola Water Board. The contract provides for the provision of potable and raw bulk water to the point of supply whereby the Amatola Water Board is responsible at its own expense for the maintenance and upkeep of the existing bulk water mains and reservoirs that form part of Amatola Water's existing bulk water system to the point of supply.

The contract stipulates the charges and tariffs that will be paid to Amatola Water for bulk water supplied whereby the potable bulk water tariff was set at R2.35 excluding VAT. Amatola Water is entitled to increase the charges payable on an annual basis where there is an increase in wages, operating costs, capital charges or any other applicable increases that may arise.

9.2 Contract between Amatola DM and Masiphathisane Water Works

A Memorandum of Agreement will be established between the Amatola DM as WSA and Masiphathisane Water Works which is described as a 'Support Services Agent' (SSA). At the time of the study, a draft Memorandum of Agreement had been prepared which is attached to this case study as Appendix 2.

9.2.1 Masiphathisane Water Works as a SSA?

It is important to note that whilst the Memorandum of Agreement refers to Masiphathisane Water Works as a SSA, Masiphathisane Water Works does not fulfil the role of a SSA in terms of DWAF's definition of a SSA.

DWAF's definition of an SSA is an organisation that provides support services to a community-based WSP that does not have the capacity, skills and resources required to fulfil the entire water services provider function. SSAs are understood to be organisations or institutions who have specialist expertise as well as capacity to fulfil functions such as major maintenance, institutional and financial mentoring, bulk purchasing, and pit emptying for ventilated improved pit (VIP) type sanitation systems. CBO WSPs would contract a SSA through a service contract, where the SSA is accountable to the CBO WSP, but is *not* accountable to the consumer and does not take responsibility for customer relations, which is a key role of the CBO WSP.

9.2.2 Masiphathisane Water Works as a CBO WSP?

Masiphathisane Water Works is constituted as an association comprising representatives of the community whereby it is:

- responsible for customer relations and communication with the community
- accountable to the community

Since Masiphathisane Water Works is not responsible for revenue collection or payment of the costs associated with running the scheme, it is not in a position to make profits. Whilst Masiphathisane Water Works may receive a variable fee per kiloliter sold this fee is an incentive fee for the Masiphathisane Water Works employees, as opposed to a profit for Masiphathisane Water Works. It could therefore be argued that Masiphathisane Water Works is also a not-for-profit organisation in terms of its current operation.

It could be argued that Masiphathisane Water Works is more closely aligned to the definition of a CBO WSP than to the definition of a SSA. However, given the limited responsibilities of Masiphathisane Water Works, the fact that it does not carry any risk, and the fact that it does not have WSP decision making in terms of how the water services will be provided, it does not fit the profile of a 'typical' CBO WSP.

9.2.3 Masiphathisane Water Works as a sub-contractor of the WSP?

Masiphathisane Water Works is probably best described as a sub-contractor of the WSP where it has been sub-contracted to fulfil specific WSP functions on behalf of the WSP. The WSP remains responsible for the provision of water services to the four rural villages and also retains all the decision making powers related to the water services.

Whilst the proposed Memorandum of Agreement with Masiphathisane Water Works is with the Amatola DM, referred to as the Water Services Authority, it may be contractually more accurate for the Memorandum of Agreement to be with Amatola DM as the **Water Services Provider**. Although Amatola DM is both the authority and the provider, Section 20(1) of the Water Services Act (No. 108 of 1997) requires that "when performing the functions of a water services provider, a water services authority must manage and account separately for those functions".

Since Masiphathisane Water Works is fulfilling part of the WSP function, it is accountable to the unit or department within Amatola DM that is responsible for fulfilling the WSP function. The WSP unit of department within Amatola DM would then be accountable for the entire WSP function to Amatola DM as WSA.

Thus the contractual arrangements between Amatola DM and Masiphathisane Water Works may be more appropriately illustrated as follows:

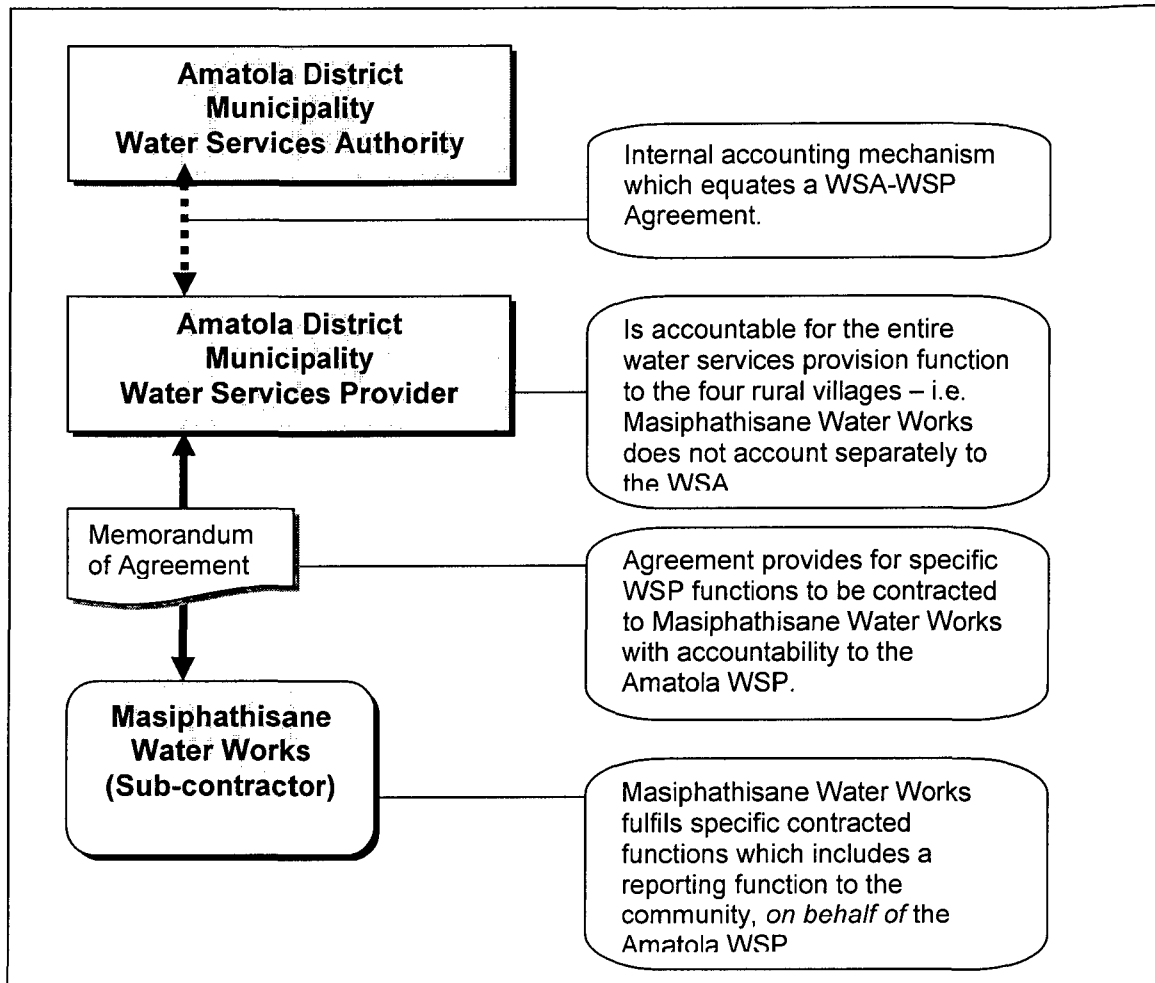


Figure 4: Amatola DM as WSP contracts Masiphathisane Water Works

The Agreement between Amatola DM as WSP and Masiphathisane Water Works is not a typical service contract since the agreement is broader than Masiphathisane Water Works simply providing a service to Amatola DM for which Masiphathisane Water Works receives a fee. The Agreement also includes training and education of Masiphathisane Water Works by Amatola DM as well as support to Masiphathisane Water Works when required.

9.3 Contract between Amatola DM and vendors

Amatola DM would also need to enter into some form of agreement with the vendors. The vendors are fulfilling a revenue collection function on behalf of the Amatola DM as the WSP. The agreement would most appropriately be a service contract. The contractual relationship between the vendors and the Amatola DM is similar to that of Masiphathisane Water Works and Amatola DM in that the contract should be with Amatola DM as **water services provider**.

10 Role and Responsibilities of Amatola DM

10.1 Amatola DM as WSA

The Amatola DM is responsible for fulfilling the role of WSA as outlined in the Water Services Act. In particular the DM is responsible for setting the tariff and ensuring that the water services provided comply with Amatola DM's bylaws and conditions of service. The Memorandum of Agreement with Masiphathisane Water Works requires that Amatola DM as WSA consults Masiphathisane Water Works concerning the tariffs.

10.2 Amatola DM as WSP

The Amatola DM is responsible for the overall WSP function which includes responsibility for any services that are sub-contracted to other parties, namely the functions fulfilled by Masiphathisane Water Works and the local vendors.

As WSP, Amatola DM is responsible for paying the bulk tariff to Amatola Water as well as the service fee to Masiphathisane Water Works.

The Amatola DM is also contractually required to:

- Have regular monthly meetings with Masiphathisane Water Works
- Ensure that there is regular and continuous supply of water to the scheme
- Give prior notice to Masiphathisane Water Works of any break in the continuous supply of water
- Maintain the assets and infrastructure of the scheme

There are additional requirements that Amatola DM is required to fulfil which could be categorised as a support service to Masiphathisane Water Works.

10.3 Amatola DM as Support Services Agent (SSA)

The Memorandum of Agreement between the Amatola DM and Masiphathisane Water Works requires the Amatola DM to fulfil the following support functions to Masiphathisane Water Works:

- Support and training of the members of Masiphathisane Water Works so that they are able to adequately fulfil their functions and operate 'independently'
- If requested, provide support in:
 - accessing specialist services
 - financial management support and budgeting
 - costing options
 - planning support
 - dispute resolution
 - interaction with various levels of government
 - any other matter as agreed

11 Role and responsibilities of Masiphathisane Water Works

The Memorandum of Agreement between Amatola DM and Masiphathisane Water Works indicates that the primary responsibility of Masiphathisane Water Works is “to ensure full communication between itself and the Peddie communities it services as well as between itself and the WSA”.

Responsibilities include:

- Customer management and liaison
- Monthly reporting both to the community and to the WSA
- Full incident reporting both to outside agencies, the community and the WSA
- The prevention of any unauthorised connections
- Regular routine and/ or maintenance inspections
- The monitoring of water losses
- Monthly meetings with the WSA, and with the community where required
- Information and education for the community concerning water supply, the cost thereof and water quality

In fulfilling these responsibilities, the Masiphathisane Water Works is required to:

- Prepare a written report concerning the details of the provision of the water services
- Furnish the community with all information related to the provision of the water services
- Address any community complaints or queries

12 Constitution, structure and functioning of Masiphathisane Water Works

12.1 Constitution

Masiphathisane Water Works has a constitution where it is constituted as an association comprising a community-based structure elected from the Cisira, Ncala, Mgwangqa and Nqwenerhana villages.

The aims and objectives of the constitution are specifically related to water supply with the overall aim being “to improve the lives of the people of Masiphathisane by getting clear water available from standpipes in the village”.

Membership of Masiphathisane Water Works is open to all adults who live in one of the four Masiphathisane villages, and who pay for water services.

A democratically elected committee is responsible for managing Masiphathisane Water Works, comprising a chairperson, deputy chairperson, treasurer, secretary and four additional members. The committee is responsible for planning activities to

support Masiphathisane Water Works' general aims, general administration, making day to day decisions and managing the finances.

Masiphathisane Water Works may seek assistance in fulfilling their tasks and may fundraise through seeking grants and sponsorship and through subscriptions and tariffs from members.

In terms of the Memorandum of Agreement with Amatola DM, Masiphathisane Water Works does not receive revenue from the collection of tariffs as revenue collection in respect of the water services provided is the responsibility of Amatola DM as the WSP. Amatola DM is supported in this task by appointed vendors in each village.

12.2 Process to establish and structure

Masiphathisane Water Works was established through a series of processes that were undertaken with the project steering committee (PSC) and the community.

The PSC which comprised representatives of the community, the DM, the implementing agent and other relevant stakeholders discussed the type of WSP institutional arrangement that should be put in place. It was agreed that the WSP institutional arrangement should include a community-based structure in order to create a sense of community ownership for the scheme.

During workshops with the PSC, criteria were identified for the type of people who could be elected to the community-based structure. The criteria included:

- technical ability
- leadership qualities
- willingness to be trained and develop new skills
- potential to develop administrative and financial skills
- commitment to allocate time to the functioning of the scheme
- willingness to report on unauthorised connections

The PSC identified a number of candidates who met the criteria and who therefore qualified to be trained in the functional areas. The committee members were then elected from this group.

Masiphathisane Water Works comprises eight representatives, with two from each village. The second representative from each village are regarded as 'alternates' who will fulfil the necessary tasks when the primary representative is unable to do so.

The committee members are responsible for fulfilling the tasks and activities as stipulated in their Memorandum of Agreement with Amatola DM.

12.3 Training and capacity building

Masiphathisane Water Works received extensive workshop and formal training. Workshops addressed the roles and functions of a WSP where PHAST methodologies were used to ensure participatory processes.

Formal training included technical training concerning the maintenance of water systems as well as management and financial training. All eight members of the committee have received a certificate from the Eastern Cape Training Centre in management and financial skills.

12.4 Tasks the committee fulfils in terms of water services

The Masiphathisane Water Works Committee fulfils the following tasks:

12.4.1 Reticulation

- Monthly routine checks of the reticulation pipeline, including leaks and bursts, unauthorised connections and erosion and vandalism
- Bi-weekly routine checks of all standpipes, including checks for leaks, prepaid meters, vandalism, stagnant water, soakaways and drainage system
- Bi-monthly clear around standpipes

12.4.2 Trouble shooting

- Checking reasons why there is no water at a particular standpipe
 - Checking isolating valve
 - Checking pressure at entrance to prepaid meter
 - Checking prepaid meter
 - Checking standpipe connection
 - Taking immediate action to rectify the problem

12.4.3 Reporting

- Reporting on vandalism and unauthorised connections to Amatola DM
- Monthly report on the overall operation of the scheme, major events, disruptions to water supply, summary of customer complaints and human resource issues
- Financial reports including a summary of timesheets
- Emergency / incident reports to Amatola DM when the scheme is not working
- Reports to the community on the overall overall operation of the scheme

12.4.4 Customer relations

- Communication with the community
- Customer complaints and request procedures
- Register of consumers
- Community awareness of how the scheme works, the value of potable water, costs of providing water services, where to purchase tokens, who to report to

12.4.5 Meetings

- Monthly meetings with Amatola DM to discuss progress and problems
- Meetings with the community to facilitate communication and reporting

12.4.6 Administration

- Keeping a diary to record all activities that take place on the scheme
- Keeping timesheets of all tasks carried out
- The chairperson is responsible for monitoring of record-keeping and monitoring of the performance of the committee members

12.5 Payment for services rendered

During programme implementation Masiphathisane Water Works was paid a fixed amount of R600.00 per month being R150.00 per month per village representative. This figure was arrived at from timesheets submitted by Masiphathisane Water Works. The amount was only payable on submission of timesheets and was paid by Amanz'abantu by credit transfer into Masiphathisane Water Works bank account.

The Memorandum of Agreement with Amatola DM stipulates that Masiphathisane Water Works will receive a fixed monthly amount. In order to create incentive to reduce water losses and unauthorised connections the Agreement specifies that 'structures to enable MWW to increase their level of income based on an incentive scheme in terms of which MWW realise more income pro rata the additional services and support that they provide'. Amanz'abantu had recommended that Masiphathisane Water Works receive a *variable fee* of R0.11 per kiloliter sold.

A focus discussion group with members of Masiphathisane Water Works revealed that they are not satisfied with the payment they are receiving, as it was viewed as being too low for the services they are rendering.

13 Consumption, cost recovery and revenue collection

13.1 Consumption and cost recovery

The tariff of R4.00 per kiloliter had been calculated on an assumption that the per capita demand would initially be 10 litres per capita per day, increasing to 25 litres per capita per day over the next 5 years. However consumption of water is very low in the four villages. During the wet season the community uses traditional sources such as rainwater harvesting rather than paying for water services. The prepaid system allows an analysis of individual usage, which was found to be approximately 8 litres per capita per day during those periods where consumption is at its highest, i.e. the dry season.

As a result of low consumption, full cost recovery on the scheme has been problematic, however strategies to increase consumption are being addressed.

13.2 Revenue collection

A prepaid metering system is in place in all four villages. The purpose of the prepayment system is to ensure that sufficient income is generated from the supply for bulk water that is reticulated to the consumer. The system has mechanisms for highlighting problems within the reticulation network, such as unaccounted for water loss.

Vendors in each of the villages are responsible for the following functions and receive 5% commission for services rendered:

- Water sales to consumers, through issuing 'credit' to consumers in the form of tokens
- Deposit revenue collected into the relevant bank account of Amatola DM
- Manage the 'point of sale' including monitoring 'available credit' balance and addressing consumer 'token queries'

13.3 Vendor support

Vendors require the following support in order to effectively fulfil their services:

- Charging the batteries of those vendors whose point of sale is battery operated
- Issue authorisation for and transfer credit to the point of sale based on deposits received
- Issue stationery to operate the system (tally rolls, bank deposit books, etc.)
- Any other support as is required by the vendor

Vendor support will be provided by Amatola DM as WSP. In addition data from the vendors' point of sale must be transferred to the overall management system in order to monitor consumption.

14 Risk

14.1 Amatola DM risk

The Amatola DM as WSP carries the full risk for the scheme since it is responsible for paying the Bulk Water Tariff as well as for paying the monthly fee to Masiphathisane Water Works. Amatola DM also carries risk in terms of the ongoing effective functioning of Masiphathisane Water Works as it is responsible for providing support services to Masiphathisane Water Works. The current low fee that is being paid to the Masiphathisane Water Works committee members may be a risk in terms of retaining the services of the current members. The current members are well trained in a range of skills and there appears to be very little incentive for them to continue fulfilling their functions on a long-term basis.

14.2 Risk in terms of operational efficiency

During the time of the study, Amanz'abantu took responsibility for providing support services to Masiphathisane Water Works which involved weekly on-site visits as well as operations and maintenance support. PSU, a private sector company specialising in financial management and cost recovery systems was responsible for providing support to the Bambamanzi pre-payment system. Once the scheme is transferred to Amatola DM, the DM will be responsible for providing the necessary support. If the DM is not able to maintain the existing support services due to insufficient capacity, operational efficiency of the scheme may be threatened.

15 Success factors

- ✓ Well trained community members within the CBO structure who have very clear responsibilities and tasks supported by various tools to assist them in fulfilling their tasks, for example, routine visit checklist, timesheets, etc.
- ✓ Careful selection process based on skills, leadership qualities and potential capacity in terms of identifying members to be elected to the CBO structure
- ✓ Strong accountability between the CBO structure and the community and WSA
- ✓ Contractual arrangements in place which specify responsibilities and relationships between the different contracting parties
- ✓ CBO structure has access to efficient support services
- ✓ CBO structure has credibility and legitimacy within the community
- ✓ Prepaid system ensures cost recovery (although access to alternative sources reduces consumption during the wet season)
- ✓ Effective monitoring and reporting mechanisms for vandalism, unauthorised connections and breakages
- ✓ Good customer relations and communication through an accessible community-based structure

16 Recommendations

16.1 Remuneration to Masiphathisane Water Works

The fee paid to Masiphathisane Water Works should be revisited to ensure that the committee members are fairly compensated for the services they provide. The current fee may result in members seeking alternative sources of income whereby they leave Masiphathisane Water Works. This would be a significant loss since the members

have been extensively trained and have become extremely experienced in the functions they are fulfilling.

16.2 Memorandum of Agreement between the WSA and Masiphathisane Water Works

16.2.1 Contracting parities

The contracting party on the part of the Amatola DM should be Amatola DM as WSP, rather than Amatola DM as WSA. In terms of the sets of relationships, one entity should take overall responsibility for water services provision to the four villages and for reporting to the WSA. In this case, Amatola DM is clearly the WSP with overall responsibility for the scheme. Masiphathisane Water Works is essentially sub-contracted by Amatola DM in its capacity as WSP, and therefore does not carry responsibility for reporting to Amatola DM as WSA.

Whilst this distinction may be a very fine line in the current institutional arrangements where Amatola DM is fulfilling both the WSA and the WSP role, it is an important distinction in terms of:

- accountability and reporting
- possible longer term institutional arrangements where Amatola DM may appoint a category B municipality or another entity to fulfil the overall WSP role. In this case Masiphathisane Water Works would be subcontracted by the new WSP, and not by Amatola DM as WSA.

16.2.2 Incentive/ variable fee

The Memorandum of Agreement should more clearly indicate an incentive/ variable fee that can be paid to Masiphathisane Water Works. The current wording in the Memorandum of Agreement is unclear. A clause should be added to the Memorandum of Agreement, which clearly indicates that Masiphathisane Water Works is entitled to a percentage variable fee based on quantity of water sold.

16.2.3 Dispute resolution

The Memorandum of Agreement should include a mechanism for dispute resolution.

17 CONCLUSION

Community-based organisations have a very valuable role to play in the overall water services provision function. Since CBOs are based in the community they are able to be more responsive to consumer needs as well as more closely monitor the services that are provided.

Masiphathisane Water Works is an example of a well trained, efficient and effective community-based structure that is fulfilling key customer relations, communication and monitoring functions on behalf of the DM who fulfils the overall WSP role. Without Masiphathisane Water Works, it is unlikely that Amatola DM would be able to ensure an efficient, effective, reliable and sustainable water service to the four rural villages within the Peddie Regional Water Supply Scheme.